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November 21, 2003

Office of the Secretary
Public Company Accounting Oversight Board
1666 K Street, N.W.
Washington, D.C. 20006-2803

Re: PCAOB Rulemaking Docket Matter No. 008

Ladies and Gentlemen:

Ford Motor Company ("Ford") is pleased to respond to PCAOB Release No. 2003-017 (the "proposing release") concerning proposed auditing standards for audits of issuers' internal control over financial reporting. We have comments in regard to three specific aspects of the proposing release: the definition of significant deficiency, reliance on the work of internal auditors and other control related activities, and the auditor's assessment of the issuer's audit committee.

Definition of Significant Deficiency

In regard to the proposed changes in the criteria that would be used in determining if an internal control deficiency is a "significant deficiency", addressed in paragraph 8, we believe that the present guidance set forth in Statement of Accounting Standards No. 78 for determining a significant deficiency is appropriate and should be retained for the proposed auditing standards. We note that the Securities and Exchange Commission (the "Commission"), in promulgating its rules under Section 404 of the Sarbanes-Oxley Act of 2002, did not change the SAS No. 78 standards.

The proposed criteria of "more than an inconsequential amount" for determining a significant deficiency could result in the auditor and company management focusing on issues of relatively small value that are not important to the overall effectiveness of a company's internal controls over financial reporting. This could result in inefficient use of the time and resources of the auditor, company management and its audit committee. It also could result in misleading or incorrect views of a company's internal controls over financial reporting by external parties. We do not believe that "more than inconsequential" is an appropriate threshold for determination of a significant deficiency.

As stated above, we believe the present guidance in SAS No. 78 for determining a significant deficiency is appropriate and should be retained.

Reliance on Work of Internal Auditors and Other Control Related Activities

We believe the proposing release unduly limits the reliance that external auditors can place on the work of a company's internal audit and other control related activities. We believe there is more "duplicative" audit work by the external auditors than is necessary as a result of "walkthrough", control environment, and IT testing requirements, as well as the requirement that on an overall basis the external auditor's own work must provide the principal evidence of effectiveness. The external auditors should be able to balance external objectivity with internal expertise in an effort to maximize the quality and minimize the cost of the audit requirements. This could be accomplished by allowing a more risk-based audit approach in conjunction with the flexibility to rely more on the internal audit/control work performed by a company.

Qualifications of Audit Committee Members in the Context of a Public Subsidiary

We note that paragraphs 56 through 59 address the auditor's assessment of the effectiveness of an issuer's audit committee in overseeing the issuer's external financial reporting process and internal control over financial reporting. In particular, we note that the independence of the audit committee members is one of the seven factors listed that an auditor should evaluate in assessing the audit committee's effectiveness.

Although it is not clear in the proposing release, we assume that, with respect to a public entity that is a subsidiary of a parent that itself is a public company, the standards set forth in the proposing release for assessing audit committee effectiveness are intended to relate to the parent company's audit committee and not the subsidiary's audit committee.

Included in Ford's consolidated financial statements are the financial results and condition of Ford Motor Credit Company ("Ford Credit") and The Hertz Corporation ("Hertz"), both of which are indirect, wholly-owned subsidiaries of Ford. Each of Ford Credit and Hertz is subject to the periodic reporting requirements of the Securities Exchange Act of 1934, as amended, by virtue of having outstanding debt securities, the issuance of which has been registered under the Securities Act of 1933, as amended. Neither Ford Credit nor Hertz has an audit committee comprised solely of members that are independent of Ford or itself.

In adopting rules under Section 301 of the Sarbanes-Oxley Act of 2002 concerning listed company audit committee standards, the Commission addressed the issue of audit committee independence in the context of public subsidiaries of public parents by specifically exempting direct or indirect consolidated subsidiaries that have listed securities from the requirements (including the independence requirements) of the rules if their listed parent companies were subject to the rules. In the adopting release (SEC Release Nos. 33-8220 and 34-47654), the Commission stated:

> Requiring these subsidiaries, which often have no purpose other than to issue or guarantee the securities, to be subject to the audit committee requirements would add little additional benefit if the subsidiary is closely controlled or consolidated by a parent issuer that is subject to the requirements. Instead, imposing the requirements on these subsidiaries could create an onerous burden on the parent to recruit and maintain an audit committee meeting the requirements for each specific subsidiary.

We assume the PCAOB did not intend in the proposing release to vitiate the exemption for listed or public subsidiaries provided in the Section 301 rules. We, therefore, urge the PCAOB to make it clear in paragraphs 56 through 59 that in the context of a public subsidiary whose parent is also a public company, the standards for assessing the effectiveness of an audit committee are to be applied to the parent company's audit committee.

Should you have any questions or comments, please feel free to contact me by telephone at 313-323-6901.

Sincerely,

/s/ James C. Gouin

James C. Gouin
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cc: Mr. Alan L. Beller, Director
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